

Barrington Committee on Appropriations

Meeting Minutes

April 14, 2016

Opening

The regular meeting of the Barrington Committee on Appropriations was called to order at 7:03 p.m. on April 14, 2016 in the Meeting Room of the Barrington Library by Geoff Grove.

Present

Geoff Grove, Peter Dennehy, Melissa Horne, Richard Staples and Chad Mollica.

Also attending: Peter DeAngelis (Town Manager), Kathy Raposa (Finance Director) and Tony Arico

Approval of Agenda

The agenda was unanimously approved as distributed.

Approval of Minutes

Approval of the minutes of the previous meeting was deferred to a future meeting.

Open Issues

Peter Dennehy opened the Committee's discussion of the municipal budget by characterizing it as well-crafted and transparent. He stated that, despite the information recently provided by Kathy Raposa about the unassigned audited fund balance, he continues to be concerned about whether the budget should reflect this surplus, which is one of the largest in the state. A discussion ensued about the unaudited fund balance, including its purpose as a source of back-up cash for municipal expenses and the fact that the balance fluctuates throughout the year as it is tapped to pay expenses and then replenished as tax revenues are received. The Town received approximately \$300,000 in unanticipated revenues this year which will positively impact the unassigned audited fund balance. Mr. Dennehy questioned whether there is any way to set the anticipated \$300,000 surplus off against the requested \$295,000 increase in the municipal budget.

Peter DeAngelis asked what the Committee's goal was relative to the FY17 budget. Geoff Grove stated that there was no consensus among the Committee members regarding specific numbers. He added that the Committee had made it clear to the School Department that it was not happy with its proposed budget. He suggested that one way to avoid a structural deficit would be to take money from the school budget. Mr. DeAngelis observed that this tactic doesn't work because history has shown that there is an ability to get the taxpayers to overrule the Appropriations Committee's recommendation.

Chad Mollica provided a budget history summary, which shows that this year's requested budget increase is twice the average increase. The biggest driver was an increase in debt service. He

noted that it was wise to take advantage of low rates, which are not likely to continue. In addition, personnel costs have continued to increase, as have public safety expenditures. He noted that the budget for public works has decreased as a result of privatization. He observed that when the 1.68% increase requested on the municipal side is compared to the 38% increase requested in the school budget, it is apparent that there is significantly less increase in personnel costs on the town side. He inquired what had caused the requested increase to go from .77% to 1.68% and what would be necessary to get to a 1% increase.

Peter DeAngelis cautioned that numbers don't always tell the story. He explained his efforts to address pension reform and maintain a constant level of budgetary funding to cover pension liabilities in order to avoid significant future increases. Chad Mollica observed that if more increases are built in to the budget, the budget must make up the difference to minimize the impact on the taxpayers.

Mr. Denehy asked whether the anticipated \$300,000 surplus will be added to the unassigned audited fund balance. Kathy Raposa confirmed that it would. Geoff Grove noted that if \$100,000 was transferred from the unassigned fund, it would reduce the increase requested in the municipal budget to 1%. Kathy Raposa explained that reapportioning money from the fund balance would be viewed unfavorably by the bond rating agencies, which is not desirable given the upcoming school bond.

Kathy Raposa stated that a large portion of the increase is attributable to pension liabilities, something the Town doesn't control. Chad Mollica responded that, to some extent, the Town can control its pension liability by controlling salaries. Peter DeAngelis explained that the state labor laws favor arbitration, but that is something the legislature has to change. He noted that he has so far been able to avoid arbitration, but that the Town would end up in arbitration if he tried to negotiate a 0% increase.

Peter DeAngelis inquired what the Committee was doing with the school budget. Chad Mollica responded that they had been asked to reduce the requested increase to 1% or a \$500,000 increase in the budget. He suggested that this might be a good year to be able recommend a significant reduction in the school budget without an effort to overrule the Committee's recommendation because there is a sense that the community is upset about the proposed increase in transportation costs and a concern about the expense associated with the new middle school. Kathy Raposa noted that a 1% increase would mean reducing the proposed budget by \$900,000.

Geoff Grove asked why there had been no response to his request that the Appropriations Committee be consulted when contract negotiations were undertaken last year. Peter DeAngelis responded that such negotiations involve policy decisions and added that the request offended the School Department and the School Committee. Mr. Grove inquired what role the Appropriations Committee was to play if the Committee was unable to have any impact on the

largest component of the budget. Mr. DeAngelis suggested that the Financial Town Meeting structure of government is the problem, since the schools have repeatedly demonstrated that they can overrule the Appropriations Committee at the FTM.

A discussion ensued regarding the impact of a flat inflation rate on wages versus increasing taxes. Chad Mollica observed that the reported median income in Barrington is skewed by a relatively few very high incomes and that the average Barrington resident has a much lower average income than the median income would indicate. He noted that pension liability compounds the problem and that there could be big problems when the cost of a new school is added.

Peter DeAngelis offered to address the question about how the municipal budget increases have been minimized by stating that although there could be additional positions added to various departments, the municipal side does more with less. He added that he could cut \$100,000 from the municipal budget if he was asked to do so, but added that it wasn't fair to expect that unless the School Department is asked to do the same. Kathy Raposa noted that proposed municipal budget expenditures are only \$33,000 more than last year even though there are new contracts and pension liability for FY17. She explained that the municipal budget is such a small portion of the overall budget that it doesn't really matter if the School Department is required to make a similar-sized dollar reduction. Cutting the municipal budget by \$100,000 would result in lowering the tax rate by just 34 cents.

Peter DeAngelis observed that the municipal budget bears the burden of the School Department's debt service as well as its capital expense. He questioned whether the municipal budget will be able to withstand the impact of the school bond debt service and pension liability and noted that this is part of the reason the School Department's technology expense should not be a capital expense.

Following the departure of the Town Manager and the Finance Director, the Committee discussed the motor vehicle tax and compensation for the Town Council and the School Committee.

Geoff Grove explained that in FY16, the Committee recommended that the motor vehicle tax rate remain the same but increased the exemption by \$500. Following a discussion, Chad Mollica made a motion that the Committee recommend raising the exemption by \$500. More discussion ensued and the motion was tabled pending information from the Tax Assessor regarding the impact of such an increase.

Geoff Grove announced that the compensation paid to Barrington's Town Council and School Committee is the lowest in the state. Richard Staples suggested that an increase would be viewed unfavorably when we are dealing with tough budget issues. The consensus of the Committee was that there should be no change in the Town Council and School Committee stipends.

The Committee concluded the meeting with additional discussion regarding the proposal to increase the school and municipal budgets by just 1%. Due to the lateness of the hour, it was agreed to continue the discussion at the next meeting.

Adjournment

Meeting was adjourned at 9:05 p.m. by Geoff Grove. The next general meeting will be at 7:00 p.m. on April 18, 2016 in the Meeting Room of the Barrington Library.

Minutes submitted by: Melissa Horne